

**OFFICE OF THE  
WASHINGTON STATE LIQUOR CONTROL BOARD**

Business Advisory Council Meeting  
May 20, 2009

**Welcome and Introductions** – Lorraine Lee, Liquor Control Board (LCB) Board Chairman

**Liquor Supplier Social Responsibility Survey** – Debi Besser, LCB Purchasing Director

Debi Besser shared the revised survey with Business Advisory Council (BAC) members. Revisions were made after receiving feedback from stakeholders.

*See attached revised liquor supplier social responsibility survey*

**Public / Private Funding for Public Safety Initiative** – Pat Kohler, LCB Administrative Director

In 2005 the agency received statutory authority to solicit for public and private funding on initiatives related to public safety. The agency did not receive necessary funding for public safety initiatives in past biennium budget requests.

The BAC is the first stakeholder group to receive this information. Alcohol Awareness Manager Tony Masias is the agency contact. Any stakeholder interested in participating can contact Tony at 360-664-1771.

Action: Tony Masias will send electronic copies of the Alcohol Awareness Update presentation to BAC participants.

Chairman Lorraine Lee asked BAC participants to help communicate the message that the new activity is not a conflict of interest.

*See attached Alcohol Awareness Update presentation.*

**Local Community Outreach Efforts** – Brian Smith, LCB Communications Director

Brian shared information on the LCB local community outreach activity. The agency conducts meetings with various mayors, city officials, and local law enforcement agencies across the state. Outreach efforts will help communicate LCB licensing and enforcement processes and establishes partnerships with local governments.

## **Division Reports**

### **Business Enterprise – Pat McLaughlin**

- Gift cards – These will be liquor store gift cards only
- New store openings – Michael Transue asked the LCB to ensure restaurants are informed well in advance of new store locations
- Mall stores – The stores will have focus on gift packs, however other liquor products will also be available. Mall stores are not kiosks, these are actual stores.
- DC Expansion – Expansion is complete, the LCB is in testing phase

### **Administrative Services – Randy Simmons**

- Budget directed price increase – The LCB has been directed to transfer \$80 million from the liquor revolving fund
- Funding for the Board – The Governor vetoed budget language that included funding of the part-time Board and support
- Maintenance package for Distribution Center operations
- 3.9 million budget decrease from general fund to fund tobacco tax activity

### **Board Member Report**

- Delegation of Authority – The Board Members are granting partial licensing approval to Alan Rathbun, Licensing Director
- Seattle Alcohol Impact Area – In July the Board will receive the two year evaluation of the Seattle Alcohol Impact Area
- Alcohol Advertising Rules – Currently reviewing feedback on advertising rule making

## **2009 Legislative Session**

Rick Garza provided an overview on the session and the impact on the LCB. Fact sheets are posted on the LCB website at [http://www.liq.wa.gov/fact\\_sheets\\_2009.aspx](http://www.liq.wa.gov/fact_sheets_2009.aspx)

## **Representative Steve Conway, 29<sup>th</sup> Legislative District and Representative Cary Condotta, 12<sup>th</sup> Legislative District**

Representative Conway commented that the Three Tier Task Force and Legislative/Industry Coalition workgroup was very positive. Partnership with legislature is key.

Both Representative Conway and Condotta are impressed with the leadership team at the LCB. The Business Advisory Council is a good example of how the LCB engages stakeholders.

Both Representatives commented on the colloquy that occurred on the House floor. The intention of the colloquy was to clarify that a liquor price increase would not include Washington restaurants.

Representative Conway asked the BAC members to provide direction on internet sales. He encourages the group to partner with USPS and UPS in the effort.

Chairman Lorraine Lee thanks Representative Conway and Representative Condotta for participating in the Business Advisory Council meeting.

### **Roundtable – Themes for discussion**

- 1. What are the issues or concerns related to legislative session results?**
- 2. With the current economic conditions, what is happening within your industry that the LCB should know about?**

#### Heather McClung – Washington Brewers Guild

- Hops and grain prices
- Price of stainless
- Looking at legislative products (Oregon beer tax bill)

#### Ann McGrath – Washington Wine Institute

- Wine industry is seeing growth
- Higher priced wine is not doing well
- Tasting rooms are doing well, however consumers are not buying

#### Gilbert Canizales – Beer Institute

- Beer tax bill in Oregon and it's impact on beer prices

#### Matt McCarthy – DRAW

- Liquor price increase
- What will consumers do when spirits are \$1 – \$4 higher

#### John Guadnola – Washington Beer and Wine Wholesalers Association

- Amendment to the Omnibus bill with ownership and taxation
- Fewer wholesalers
- Suppliers are consolidating
- Going well for distributors

#### Scott Hazlegrove – CIVIC Group

- 2040, tied house, moneys worth
- Internet sales in California
- Dealing with internet sales will be important

#### Carolyn Logue – Washington Food Industry

- Persons in the industry are struggling
- Concerned about beer and wine prices

- Focusing on local ownership
- Tasting events in stores are going well, the tasting pilot ends in October 09

Adam Cook – Washington State Sports and Entertainment Facility Operations Association

- Attendance at events are holding steady
- Staycations are working
- 30% decrease in revenue (concessions, etc.)
- Popular shows are still selling out

Bruce Beckett – Washington Restaurant Association

- 7,000 restaurant employee jobs lost recently
- Customer visits are lower
- Customers are spending less
- Liquor price increase
- The WRA will be spending much time dealing with items that are driving costs
- Restaurant tax in King County
- Pleased with level of engagement on enforcement issues
- Mandatory Alcohol Server Training – working with LCB to implement an online program

**The BAC 2009 meeting schedule:**

- July 22, 2009
- October 21, 2009

Meeting was adjourned at 12:00 PM